

REPORT OF THE WORLD WAR FOREIGN DEBT COMMISSION
ON THE DEBT OF THE REPUBLIC OF LITHUANIA

MESSAGE

FROM THE

PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE REPORT OF THE WORLD WAR FOREIGN DEBT COMMISSION,
DATED SEPTEMBER 22, 1924, TOGETHER WITH A COPY OF
THE AGREEMENT PROVIDING FOR THE SETTLEMENT OF THE
INDEBTEDNESS OF THE GOVERNMENT OF THE REPUBLIC OF
LITHUANIA TO THE GOVERNMENT OF THE UNITED STATES

DECEMBER 3 (calendar day, DECEMBER 4), 1924.—Read; referred to the Com-
mittee on Finance and ordered to be printed

To the Congress of the United States:

I am submitting herewith for your consideration a copy of the report of the World War Foreign Debt Commission, dated September 22, 1924, together with a copy of the agreement referred to therein, providing for the settlement of the indebtedness of the Government of the Republic of Lithuania to the Government of the United States of America. The agreement was executed on September 22, 1924, and was approved by me on that day subject to the approval of Congress pursuant to authority conferred by act of Congress approved February 9, 1922, as amended by act of Congress approved February 28, 1923.

I recommend the approval of this agreement.

CALVIN COOLIDGE.

THE WHITE HOUSE,
December 4, 1924.

WORLD WAR FOREIGN DEBT COMMISSION, FUNDING LITHUANIAN
DEBT

[Copies of report, agreement, and letter of the President of September 22, 1924]

SEPTEMBER 22, 1924.

The PRESIDENT:

The World War Foreign Debt Commission, created under an act of Congress approved February 9, 1922, as amended by the act of Congress approved February 28, 1923, having received the repre-

sentative appointed by the Government of the Republic of Lithuania to consider the refunding of the obligations of that Government arising out of the World War and held by the United States, reports as follows:

The Government of the Republic of Lithuania designated as its representative Mr. Kazys Bizauskas, its present envoy extraordinary and minister plenipotentiary at Washington, who conferred with representatives of the commission and stated that he had been instructed by his Government to advise the commission of its desire to effect a refunding of its indebtedness to the United States and that it was prepared to do so upon the same terms as those embodied in the agreement previously concluded for the same purpose between the Government of the United States and the Government of Finland, the total amount of indebtedness to be determined as of June 15, 1924, accrued interest to that date on the obligations held being computed at the rate of $4\frac{1}{4}$ per cent per annum, repayment of the indebtedness so determined to be provided for by the issue at par as of that date of bonds in the principal amount of \$6,030,000 and the immediate payment in cash of any amount found to be due over and above that figure.

After full consideration of the financial and economic situation in Lithuania, the proposal of the Government of Lithuania was accepted, subject to your approval and that of Congress by act or joint resolution.

An agreement on the foregoing basis has accordingly been executed on behalf of Lithuania by its envoy extraordinary and minister plenipotentiary at Washington, subject to the approval of the Seimas of Lithuania, and on behalf of the United States by the Secretary of the Treasury as chairman of the World War Foreign Debt Commission, pursuant to authority conferred by the commission, subject to your approval and to that of Congress.

I have the honor to hand you herewith for your approval the agreement executed in two counterparts and one copy thereof for your files. The commission believes that the settlement of the debt of the Government of the Republic of Lithuania to the United States on the basis specified is fair and just to both Governments and recommends for submission to Congress the terms embodied in the agreement herewith.

I should appreciate it if, after indorsing your approval on the two counterparts of the agreement, you would return them to me in order that I may transmit one copy to the minister of Lithuania and the other to the Treasurer of the United States to be held pending such action as may be taken by the Seimas of Lithuania and by Congress.

Respectfully submitted.

(Signed)

A. W. MELLON,

Secretary of the Treasury and

Chairman of the World War Foreign Debt Commission.

The PRESIDENT,

The White House.

AGREEMENT, MADE THE TWENTY-SECOND DAY OF SEPTEMBER, 1924, AT THE CITY OF WASHINGTON, DISTRICT OF COLUMBIA, BETWEEN THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA, HEREINAFTER CALLED LITHUANIA, PARTY OF THE FIRST PART, AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA, HEREINAFTER CALLED THE UNITED STATES, PARTY OF THE SECOND PART.

Whereas, Lithuania is indebted to the United States as of June 15, 1924, upon obligations maturing June 30, 1921 and 1922, in the aggregate principal amount of \$4,981,628.03, together with interest accrued and unpaid thereon; and

Whereas, Lithuania desires to fund said indebtedness to the United States, both principal and interest, through the issue of bonds to the United States, and the United States is prepared to accept bonds from Lithuania upon the terms and conditions hereinafter set forth:

Now, therefore, in consideration of the premises and of the mutual covenants herein contained, it is agreed as follows:

1. *Amount of Indebtedness.*—The amount of the indebtedness to be funded, after allowing for cash payments made or to be made by Lithuania, is \$6,030,000, which has been computed as follows:

Principal amount of obligations to be funded.....	\$4, 981, 628. 03
Interest accrued thereon from June 30, 1919, to June 15, 1924, at the rate of 4½ per cent per annum.....	1, 049, 918. 94
Total principal and interest accrued and unpaid as of June 15, 1924.....	6, 031, 546. 97
To be paid in cash by Lithuania, September 22, 1924.....	1, 546. 97
Total indebtedness to be funded into bonds.....	6, 030, 000. 00

2. *Repayment of Principal.*—In order to provide for the repayment of the indebtedness thus to be funded, Lithuania will issue to the United States at par, as of June 15, 1924, bonds of Lithuania in the aggregate principal amount of \$6,030,000, dated June 15, 1924, and maturing serially on each June 15 in the succeeding years for 62 years, in the amounts and on the several dates fixed in the following schedules:

June 15—		June 15—Continued.	
1925.....	\$30, 000	1945.....	\$57, 000
1926.....	30, 000	1946.....	59, 000
1927.....	31, 000	1947.....	61, 000
1928.....	32, 000	1948.....	63, 000
1929.....	33, 000	1949.....	65, 000
1930.....	34, 000	1950.....	67, 000
1931.....	35, 000	1951.....	69, 000
1932.....	36, 000	1952.....	72, 000
1933.....	37, 000	1953.....	75, 000
1934.....	39, 000	1954.....	77, 000
1935.....	40, 000	1955.....	80, 000
1936.....	42, 000	1956.....	83, 000
1937.....	43, 000	1957.....	86, 000
1938.....	45, 000	1958.....	89, 000
1939.....	46, 000	1959.....	92, 000
1940.....	48, 000	1960.....	95, 000
1941.....	49, 000	1961.....	98, 000
1942.....	51, 000	1962.....	102, 000
1943.....	53, 000	1963.....	105, 000
1944.....	55, 000	1964.....	109, 000

June 15—Continued.

1965-----	\$112, 000
1966-----	116, 000
1967-----	120, 000
1968-----	124, 000
1969-----	128, 000
1970-----	133, 000
1971-----	138, 000
1972-----	143, 000
1973-----	148, 000
1974-----	153, 000
1975-----	158, 000
1976-----	163, 000

June 15—Continued.

1977-----	\$169, 000
1978-----	175, 000
1979-----	181, 000
1980-----	188, 000
1981-----	194, 000
1982-----	201, 000
1983-----	208, 000
1984-----	215, 000
1985-----	223, 000
1986-----	227, 000
Total-----	6, 030, 000

Provided, however, That Lithuania may at its option, upon not less than ninety days' advance notice to the United States, postpone any payment falling due as hereinabove provided to any subsequent June 15 or December 15 not more than two years distant from its due date, but only on condition that in case Lithuania shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year can not be postponed to any date more than one year distant from the date when it becomes due unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year can not be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

All bonds issued or to be issued hereunder to the United States shall be payable to the Government of the United States of America, or order, shall be issued in such denominations as may be requested by the Secretary of the Treasury of the United States, and shall be substantially in the form set forth in the exhibit hereto annexed and marked "Exhibit A." The \$6,030,000 principal amount of bonds first to be issued hereunder shall be issued in 62 pieces, in denominations and with maturities corresponding to the annual payments of principal hereinabove set forth.

3. *Payment of Interest.*—All bonds issued or to be issued hereunder shall bear interest, payable semiannually on June 15 and December 15 in each year, at the rate of 3 per cent per annum from June 15, 1924, to June 15, 1934, and thereafter at the rate of 3½ per cent per annum until the principal thereof shall have been paid.

4. *Method of Payment.*—All bonds issued or to be issued hereunder shall be payable, as to both principal and interest, in United States gold coin of the present standard of value, or, at the option of Lithuania, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder: *Provided, however,* That Lithuania may at its option, upon not less than ninety days' advance notice to the United States, pay up to one-half of any interest accruing between June 15, 1924, and June 15, 1929, on the \$6,030,000 principal amount of bonds first to be issued hereunder, in bonds of Lithuania dated and bearing interest from the respective dates when the interest to be paid thereby becomes due, with maturities arranged serially to fall on each June 15 in the succeeding years up to June 15, 1986, substantially in the manner provided for the original issue in paragraph 2

of this Agreement, and substantially similar in other respects to the original issue of bonds under this Agreement.

All payments, whether in cash or in obligations of the United States, to be made by Lithuania on account of the principal or interest of any bonds issued or to be issued hereunder and held by the United States, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made in funds immediately available on the date of payment, or if in obligations of the United States shall be in form acceptable to the Secretary of the Treasury of the United States under the general regulations of the Treasury Department governing transactions in United States obligations.

5. *Exemption from Taxation.*—The principal and interest of all bonds issued or to be issued hereunder shall be paid without deduction for, and shall be exempt from, any and all taxes or other public dues, present or future, imposed by or under authority of Lithuania or any political or local taxing authority within the Republic of Lithuania, whenever, so long as, and to the extent that beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association neither domiciled nor ordinarily resident in Lithuania, or (c) a corporation not organized under the laws of Lithuania.

6. *Payments before Maturity.*—Lithuania may at its option, on any interest date or dates, upon not less than ninety days' advance notice to the United States, make advance payments in amounts of \$1,000 or multiples thereof, on account of the principal of any bonds issued or to be issued hereunder and held by the United States. Any such advance payments shall first be applied to the principal of any bonds which shall have been issued hereunder on account of interest accruing between June 15, 1924, and June 15, 1929, and then to the principal of any other bonds issued or to be issued hereunder and held by the United States, as may be indicated by Lithuania at the time of the payment.

7. *Exchange for Marketable Obligations.*—Lithuania will issue to the United States at any time, or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds issued or to be issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to principal, and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, exemption from taxation, payment in obligations of the United States issued after April 6, 1917, and the like, as the bonds surrendered on such exchange. Lithuania will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will, at the request of the Secretary of the Treasury of the United States, deliver temporary bonds or interim receipts in form satisfactory to the Secretary of the Treasury of the United States within thirty days of the receipt of such request, all without expense to the United States. The United States, before offering any such bonds or interim

receipts for sale in Lithuania, will first offer them to Lithuania for purchase at par and accrued interest, and Lithuania shall likewise have the option, in lieu of issuing any such bonds or interim receipts, to make advance redemption, at par and accrued interest, of a corresponding principal amount of bonds issued or to be issued hereunder and held by the United States. Lithuania agrees that the definitive engraved bonds called for by this paragraph shall contain all such provisions, and that it will cause to be promulgated all such rules, regulations, and orders, as shall be deemed necessary or desirable by the Secretary of the Treasury of the United States in order to facilitate the sale of the bonds in the United States, in Lithuania or elsewhere, and that if requested by the Secretary of the Treasury of the United States it will use its good offices to secure the listing of the bonds on the stock exchange in Kaunas.

8. *Cancellation and Surrender of Obligations.*—Upon the execution of this Agreement, the payment to the United States of cash in the sum of \$1,546.97 as provided in paragraph 1 of this Agreement and the delivery to the United States of the \$6,030,000, principal amount of bonds of Lithuania first to be issued hereunder, together with satisfactory evidence of authority for the execution of the Agreement and the bonds on behalf of Lithuania by its Envoy Extraordinary and Minister Plenipotentiary at Washington, the United States will cancel and surrender to Lithuania, at the Treasury of the United States in Washington, the obligations of Lithuania in the principal amount of \$4,981,628.03, described in the preamble to this Agreement.

9. *Notices.*—Any notice, request, or consent under the hand of the Secretary of the Treasury of the United States shall be deemed and taken as the notice, request, or consent of the United States, and shall be sufficient if delivered at the Legation of Lithuania at Washington or at the office of the Minister of Finance in Kaunas; and any notice, request, or election from or by Lithuania shall be sufficient if delivered to the American Minister accredited to Lithuania or to the Secretary of the Treasury at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

10. *Compliance with Legal Requirements.*—Lithuania represents and agrees that subject to the ratification of this Agreement by the Seimas of Lithuania, the execution and delivery of this Agreement and of the bonds issued or to be issued hereunder have in all respects been duly authorized and that subject to such ratification all acts, conditions, and legal formalities which should have been completed prior to the making of this Agreement and the issuance of bonds hereunder have been completed as required by the laws of Lithuania and in conformity therewith.

11. *Counterparts.*—This Agreement shall be executed in two counterparts, each of which shall have the force and effect of an original.

In Witness Whereof Lithuania has caused this Agreement to be executed on its behalf by its Envoy Extraordinary and Minister Plenipotentiary at Washington, thereunto duly authorized, and the United States has likewise caused this Agreement to be executed on its behalf by the Secretary of the Treasury, as Chairman of the World

War Foreign Debt Commission, with the approval of the President, all on the day and year first above written, subject, however, to the approval, respectively, of the Seimas of Lithuania and of the Congress of the United States, pursuant to the Act of Congress approved February 9, 1922, as amended by the Act of Congress approved February 28, 1923, notice of which approval, when given, will be transmitted, respectively, to the United States and to Lithuania in the manner provided in paragraph 9 of this Agreement.

THE GOVERNMENT OF THE

REPUBLIC OF LITHUANIA,

[SEAL]

By K. BIZAUSKAS,
Envoy Extraordinary and Minister Plenipotentiary.

THE GOVERNMENT OF THE

UNITED STATES OF AMERICA,

For the Commission:

[SEAL]

By A. W. MELLON,
*Secretary of the Treasury, and
Chairman of the World War Foreign Debt Commission.*

Approved:

CALVIN COOLIDGE,
President.

EXHIBIT A

(Form of Bond)

THE GOVERNMENT OF THE REPUBLIC OF LITHUANIA

Sixty-two year 3-3½ per cent Gold Bond
Dated June 15, 1924—Maturing June 15,

\$

No.

The Government of the Republic of Lithuania, hereinafter called Lithuania, for value received, promises to pay to the Government of the United States of America, hereinafter called the United States, or order, on the 15th day of June, , the sum of Dollars (\$), and to pay interest upon said principal sum semiannually on the fifteenth day of June and December in each year, at the rate of three per cent per annum from June 15, 1924, to June 15, 1934, and at the rate of three and one-half per cent per annum thereafter until the principal hereof shall have been paid. This bond is payable as to both principal and interest in gold coin of the United States of America of the present standard of value, or, at the option of Lithuania, upon not less than thirty days' advance notice to the United States, in any obligations of the United States issued after April 6, 1917, to be taken at par and accrued interest to the date of payment hereunder. This bond is payable as to both principal and interest without deduction for, and is exempt from, any and all taxes and other public dues, present or future, imposed by or under authority of Lithuania or any political or local taxing authority within the Republic of Lithuania, whenever, so long as, and to the extent that, beneficial ownership is in (a) the Government of the United States, (b) a person, firm, or association

neither domiciled nor ordinarily resident in Lithuania, or (c) a corporation not organized under the laws of Lithuania. This bond is payable as to both principal and interest at the Treasury of the United States in Washington, D. C., or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York.

This bond is issued under an Agreement, dated September 22, 1924, between Lithuania and the United States, to which this bond is subject and to which reference is made for a further statement of its terms and conditions.

In Witness Whereof, Lithuania has caused this bond to be executed in its behalf at the City of Washington, District of Columbia, by its Envoy Extraordinary and Minister Plenipotentiary at Washington, thereunto duly authorized.

The Government of the Republic of Lithuania:

By

Envoy Extraordinary and Minister Plenipotentiary.

Dated, June 15, 1924.

(Back)

The following amounts have been paid upon the principal amount of this bond:

Date.

Amount paid.

THE WHITE HOUSE,
Washington, September 22, 1924.

MY DEAR MR. SECRETARY: I have signed the two copies of the debt funding agreement between Lithuania and the Government of the United States, which accompanied your letter of September 22d, and am returning them to you, herewith.

Very truly yours,

CALVIN COOLIDGE.

HON. ANDREW W. MELLON,
Secretary of the Treasury,
Washington, D. C.

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